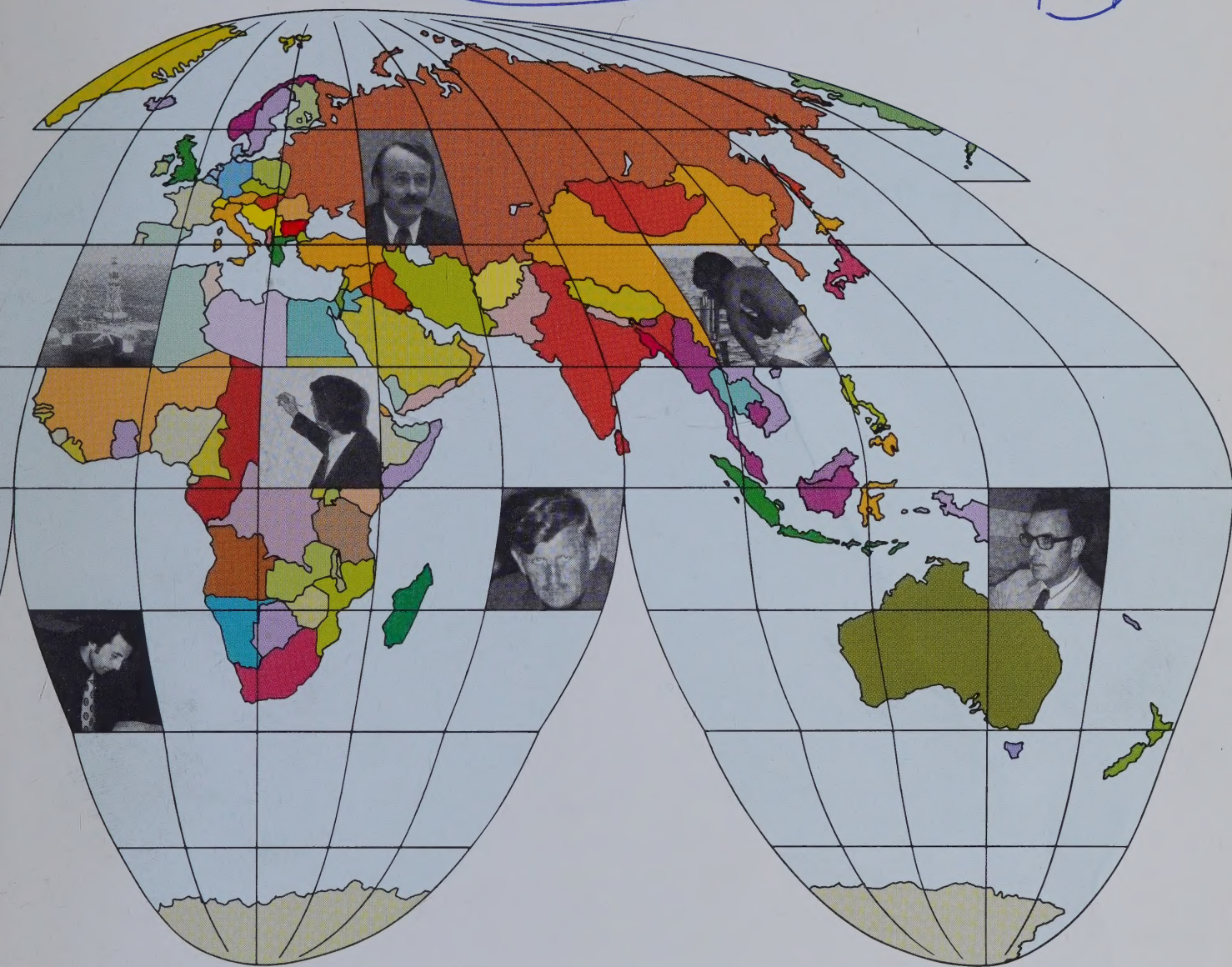


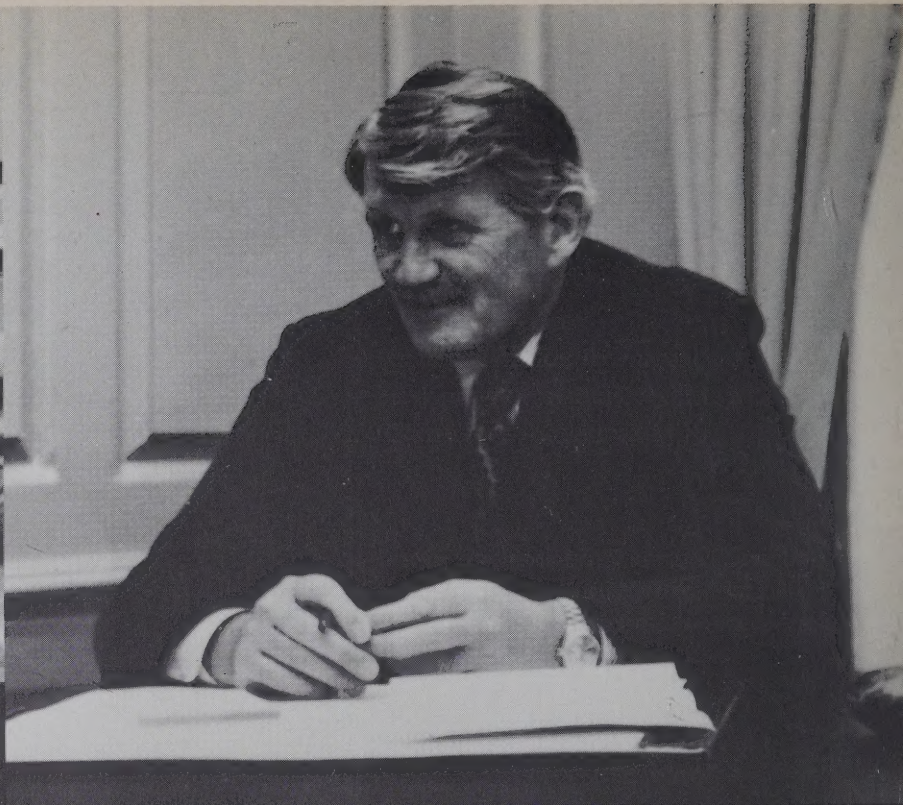
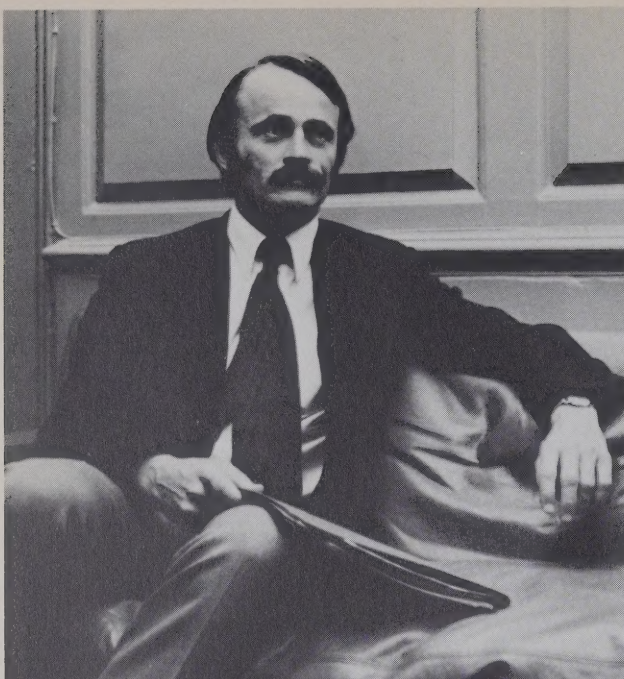
AR26

Sub

Sunningdale Oils Limited 1972 Annual Report

Corp report





*Top left:
Dr. Jack Rykken,
manager of
European and
African operations.*

*Top right:
Angus Mackenzie,
chairman of the
Company.*

*Lower left:
Lawrence Payne,
manager of
Canadian
operations.*

*Lower right:
Stuart McColl,
president.*

AR26

**SUNNINGDALE
OILS LIMITED**

CALGARY, ALBERTA, CANADA

INTERIM REPORT

**FOR SIX MONTHS ENDED
OCTOBER 31, 1971**

SUNNINGDALE OILS LIMITED

TO THE SHAREHOLDERS:

This report of Sunningdale Oils Limited covers the six months ended October 31, 1971, the first half of the fiscal year to end April 30, 1972. This is the first report issued since the Company became a public company on May 10, 1971. The Company successfully completed the sale of 1,000,000 Common Shares at \$2.50 per share and after all expenses in connection therewith the Company realized \$2,310,194.

Result of operations for the six months ended October 31, 1971, based on unaudited figures, was a net loss of \$156,803.

Working capital on October 31, 1971, amounted, on the basis of unaudited figures, to \$1,834,084.

Operations

During the period the Company's net working interest in a concession within the Republic of the Maldives was increased to approximately 8,600,000 acres, from net 14.5 percent to 28.5 percent of the total area. A marine seismic program was designed for the area which will be conducted during the second half of the fiscal year.

Applications for additional offshore acreage in the United Kingdom sector of the North Sea were submitted by the Company, in association with other Canadian, American and British interests.

Applications for acreage in the West Shetlands and Celtic Sea basins of the United Kingdom offshore were also submitted by the Company, in association with predominantly French interests.

On June 11, 1971, by Royal Decree the Norwegian Government granted to a group of companies, including Sunningdale Oils Limited, the petroleum concession rights to block 25/4 in the Norwegian sector of the North Sea. The Company's working interest in this block is 10 percent. The block is offset to the north by the important gas and condensate discovery

in block 25/1 made by Petronord (ELF-ERAP Norwegian subsidiary), now called Frigg field, and to the southeast by the Esso oil discovery in block 25/8.

Marine seismic surveys were completed on six permits held by Oceanica Petroli S.p.A., in which Sunningdale Oils has a 15 percent net interest, in zones A and B of the Italian sector of the Adriatic Sea. The Company, through its interest in Oceanica, has applied for four permits in the Tertiary basin off the south coast of Sicily.

The initial wildcat drilled on concession areas M and N in the Abu Dhabi offshore, Arabian Gulf, discovered non-commercial high pressure gas. Additional seismic is planned during late 1971 and early 1972 with a wildcat test scheduled for the second half of 1972. The Company's interest in these lands is net 5 percent, carried free to commercial production.

In Alberta the Company shared in the completion of a gas well at Lyle Lake, in 7-15-72-17W4. The Company's net working interest in this well is 25 percent.

Marine seismic surveys were completed last summer on Federal offshore permits in which the Company has substantial interest, in Hudson Bay, Hudson Strait and East Grand Banks.

Sunningdale Oils shared in the Aquitaine et al Rowley test in Foxe Basin in the Canadian Arctic, drilled and abandoned last summer, by the pooling of obligatory expenditures.

The Company has, independently and in association with other companies, actively pursued the acquisition of prospective oil and gas acreage in Canada, Europe, North Africa, West Africa and Australia during the report period. The Company maintained interests in approximately 34,146,000 gross acres (10,366,000 net acres) world-wide.

Angus A. Mackenzie
President

December 15, 1971

SUNNINGDALE OILS LIMITED

and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS

	Six months Ended October 31, 1971 (Unaudited)	Year Ended April 30, 1971
REVENUE		
Gain on sale of properties	\$ —	\$251,176
Consulting revenue	11,709	41,956
Interest and other	31,603	35,506
	<u>43,312</u>	<u>328,638</u>
EXPENSES		
Consulting fees	93,877	139,855
Travel	48,294	92,328
Legal and accounting fees	23,887	34,666
Salaries	17,248	—
Surrenders and abandonments	14,383	3,121
Lease rentals	9,071	—
Rent	7,704	—
Transfer agency	7,017	—
Geological	6,496	12,993
Bank charges and interest	2,280	5,791
Other	18,105	19,726
Recovered Expenses	(48,247)	—
	<u>200,115</u>	<u>308,480</u>
NET EARNINGS (LOSS)	<u>\$ (156,803)</u>	<u>\$ 20,158</u>

CONSOLIDATED STATEMENT OF DEFICIT

DEFICIT, beginning of period	\$ (60,672)	\$ (80,830)
Net earnings (loss) for the period	(156,803)	20,158
DEFICIT, end of period	<u>\$ (217,475)</u>	<u>\$ (60,672)</u>

NOTE: Comparative financial data for the six month period ended October 31, 1970 (during which period the company was privately controlled) are not readily available and, accordingly, are not shown. The company is in an early stage of development and, accordingly, management considers it inappropriate to show operating results per share.

SUNNINGDALE OILS LIMITED

and Subsidiaries

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Six months Ended October 31, 1971 (Unaudited)	Year Ended April 30, 1971
SOURCE OF FUNDS		
Issue of shares	\$5,537,694	\$ —
Proceeds on sale of properties	<u>—</u>	<u>250,559</u>
	<u>5,537,694</u>	<u>250,559</u>
 APPLICATION OF FUNDS		
In operations:		
Net earnings (loss)	(156,803)	20,158
Items not involving funds		
Gain on sale of properties	—	(251,176)
Surrenders and abandonments	<u>14,383</u>	<u>3,121</u>
	142,420	227,897
Fixed assets	3,385,292	72,306
Investments	<u>—</u>	<u>3</u>
	<u>3,527,712</u>	<u>300,206</u>
INCREASE (DECREASE) IN WORKING CAPITAL	\$2,009,982	\$ (49,647)
WORKING CAPITAL (DEFICIENCY) at beginning of period	<u>(175,898)</u>	<u>(126,251)</u>
WORKING CAPITAL (DEFICIENCY) at end of period	<u><u>\$1,834,084</u></u>	<u><u>\$ (175,898)</u></u>

Report to shareholders

We are pleased to submit to you the first annual report of Sunningdale's activities as a public company.

The response to our initial public offering of stock was most gratifying. We realized approximately \$2,350,000 from this issue which has enabled us to enter smoothly the arena of the publicly financed international oil exploration companies, and to proceed with our policy of obtaining representation in areas active in oil and gas exploration around the world.

Sunningdale's basic operating philosophy is to acquire as much prospective acreage as possible at a reasonable cost. We then hope to improve the value of our interests both through our own efforts and the efforts of partners whom we may attract. Through the leverage created in this way we hope to expose our company to the highest possible potential gains with limited risk to our own resources.

We came to the public with prospective oil and gas acreage in Canada, in the offshore sectors of the Netherlands, Norway and the United Kingdom, in the Adriatic Sea offshore Italy, in the offshore of the Arabian Gulf tracial state of Abu Dhabi, and in the Republic of the Maldives. During the past year we have participated in drilling wells in Canada, Italy, and Abu Dhabi. Several of the Canadian wells were completed as shut-in potential gas producers and have added substantially to our gas reserves. We have during the year increased our gross acreage position slightly to a total of 34,406,606 acres, but have increased our net acreage by 240 percent to 11,523,366 acres, through acquisitions in the United Kingdom offshore, in the Tunisian offshore, offshore Sicily, in the Republic of the Maldives, onshore in Western Australia and in Canada. Correspondingly we surrendered certain non-prospective Canadian acreage. This is in line with our policy of continuously evaluating our retained acreage and our intention to be represented wherever possible in potential oil and gas areas around the world.

On April 1 we concluded a purchase from Imperial Oil Limited of six oil wells in the Pembina oil field, Alberta. This acquisition has substantially increased our oil reserves and will contribute to our cash flow for many years to come.

Of foremost interest was the con-

clusion in March of a re-arrangement of our licence 036, covering block 25/4 in the Norwegian sector of the North Sea, to include Petronord A/S. Petronord is a group composed of French oil companies and a Norwegian company, which has had widespread experience in North Sea operations. The Petronord group brings to us essential drilling and marketing expertise, and will provide the Neptune 7 semi-submersible rig for our first wildcat location in block 25/4, on which we are scheduled to commence drilling in July, 1972. This is an exciting prospect, with the initial drilling location selected some 19 miles south of the giant Frigg gas field.

Our plans include continuing expansion into prospective oil and gas exploration ventures around the world, and further acquisitions of producing properties where these meet our standards of potential profitability. Subsequent to our year end, we arranged an additional offering of treasury stock which was successfully concluded. We are entering our second year of operations with adequate cash resources to fulfill existing and anticipated commitments and with sufficient reserves to permit continuance of our philosophy of expansion.

Sunningdale is a relatively small company with relatively restricted resources engaged in exploration activities in cooperation with and in competition against much larger companies. In order to maintain and improve our position we require the services of people having above-average energy and talent. During the past year we have added several highly qualified people to our staff.

We will keep our staff small and well motivated and do not intend to create a large and complex corporate structure. We will, however, continue to recruit the best people we can find as our company grows and increases its exploration exposure.

We welcome your support and anticipate on your behalf successful activities during the ensuing year.

Respectfully submitted on behalf of the Board of Directors,



Angus A. Mackenzie,
Chairman of the Board.



Exploration

Success in the exploration for substantial reserves of hydrocarbons depends upon exposure to oil activities in the more promising sedimentary basins of the world. Sunningdale currently maintains interests in approximately 34.5 million gross acres (approximately 11.5 million net acres) in 9 countries. Seismic surveys have been conducted on company acreage within 6 of these countries and seismic or other geophysical and geological surveys are planned on the other holdings.

Exploratory drilling on Company acreage outside of Canada commenced during 1971 and additional drilling is programmed for 1972 and 1973. Within Canada the Company has been upgrading its exploratory acreage and has participated in drilling several wells. The Company is aggressively pursuing the acquisition of additional potential exploratory acreage in Canada and overseas.

North Sea and Celtic Sea

The Company maintains differing interests in 5 blocks within the United Kingdom sector of the North Sea and the Celtic Sea and 1 block each in the Norwegian and Netherlands sectors of the North Sea. Three of the U.K. blocks and the Norwegian block are located within what is presently considered to be the most prospective part of the North Sea Tertiary basin. The other two U.K. blocks are located in potentially prospective but as yet untested regions. The Netherlands block lies within an area prospective for natural gas from sedimentary rocks of Permian and Triassic age.

A wildcat test is scheduled to commence drilling in July, 1972, on the Company's Norwegian block (block number 25/4), using the Neptune 7 semi-submersible drilling rig. Partners with Sunningdale in this venture include the Petronord A/S Group (French and Norwegian interests). Operator will be Elf-Erap, the French Government oil company. The Com-

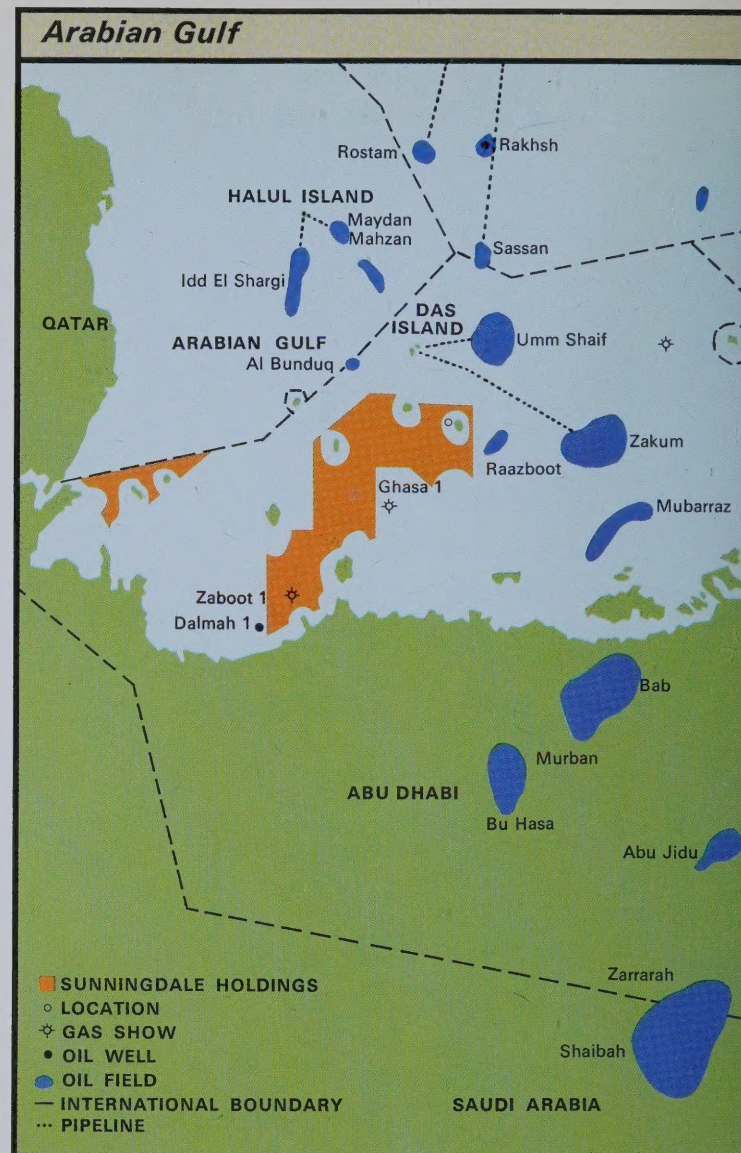
Neptune 7, semi submersible drilling rig used on the company's acreage on block 25/4 offshore Norway.

North Sea and Celtic Sea

-  SUNNINGDALE WORKING INTEREST
-  SUNNINGDALE ONE-HALF CARRIED INTEREST
-  LOCATION OR DRILLING
-  GAS WELL
-  OIL WELL
-  GAS FIELD
-  OIL FIELD



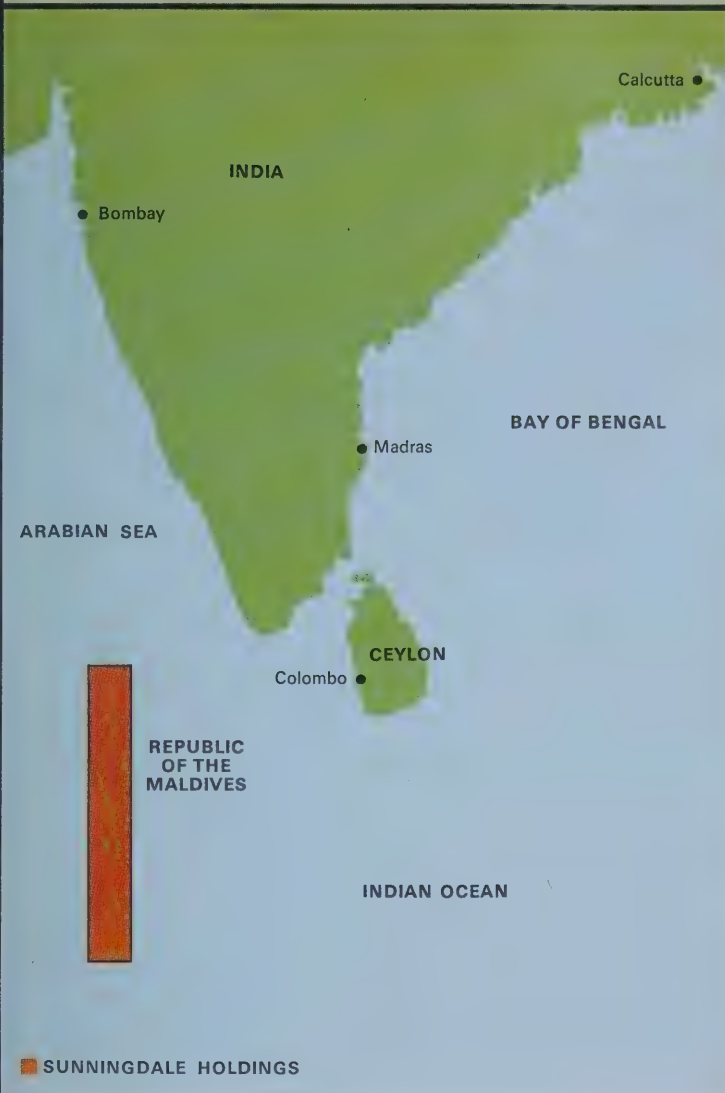
*Angus Mackenzie
with Sheikh Zaid
bin Sultan, Ruler
of Abu Dhabi.*



Acreage table

Location	Area	Sunningdale Interest	Acreage	
			Gross	Net
North Sea	U.K. Sector			
	Blocks 16/3, 16/7	5% and 5% carried	110,453	11,405
	Block 16/2	10%	52,879	5,289
	West Shetland	8.33%	50,408	4,199
	Norwegian Sector	7.381%	129,727	9,575
	Netherlands Sector	13.5%	5,931	801
Celtic Sea	U.K. Sector	8.33%	63,700	5,306
Mediterranean	Adriatic Sea	15%	124,318	18,648
	Adriatic Sea	7.5%	14,085	1,056
	On-Shore Italy	12%	10,724	1,287
	Sicilian Channel	7.5%	110,119	8,259
	Tunisia	33.3%	185,822	61,934
Indian Ocean	Republic of the Maldives	30.5%	30,201,173	9,211,000
Arabian Gulf	Abu Dhabi	5% carried	778,381	38,919
Western Australia	Perth Basin	100%	1,500,744	1,500,744
Canada	Alberta	Various	287,949	139,077
	Saskatchewan	Various	1,920	480
	Hudson's Strait	65%	30,676	19,939
	E. Grand Banks	65%	132,782	86,308
	Flemish Cap	65%	614,615	399,500
	Total		34,406,406	11,523,366

Indian Ocean



pany and its partners are committed to drill two exploratory wells in this block. Should a commercial discovery result, the Norwegian Government has the option to purchase up to a 40 percent working interest in the block, which if completely exercised would reduce the Company's interest to 3.875 percent.

Detailed seismic has been completed on blocks 16/2, 16/3 and 16/7, in the United Kingdom sector of the North Sea and several substantial basal Tertiary features have been found. Depending upon rig availability a wildcat test will be drilled in 1973 by the Company and its partners on block 16/7. The Company, in association with its principal partner, S.N.P.A. (Aquitaine) has conducted seismic surveys over two recently awarded blocks, block 103/22 in the Celtic Sea and block 206/14 located west of the Shetland Islands, both offshore of the United Kingdom. Additional seismic will be conducted on these blocks during the summer of 1972. Both blocks contain potentially attractive subsurface features.

The Company is considered a pioneer amongst the independent operators engaged in North Sea exploration and has interests well placed to capitalize on new developments. The Company has applications for additional acreage registered with the





*Gravity meter
survey operations
in the Republic of
the Maldives.*



Netherlands Government (filed May 15, 1972), and has plans to participate in new ventures in the general North Sea region.

Arabian Gulf

Sunningdale has a 5 percent interest, carried free to commercial production, in a 778,000 acre concession in the Arabian Gulf offshore Abu Dhabi. The initial wildcat test was drilled on this acreage in 1971 and encountered non-commercial quantities of natural gas. Amerada-Hess, as operator, is conducting a detailed seismic survey on the concession and plans to commence a second exploratory well before the end of 1972.

Indian Ocean

Sunningdale's interest in the approximately 30 million acre concession within the Republic of the Maldives, south-west of Ceylon, was increased during the year to 30.5 percent. In December, 1971, the Company, as operator, conducted approximately

460 miles of semi-detailed reflection seismic within the shallow waters of two of the principal atolls. Results were encouraging, and the Company expects to re-negotiate the concession terms with the Maldivian government to permit the inclusion of a major international oil exploration and production company and an overall expansion of exploration activities.

Mediterranean Region

Sunningdale acquired, through its 15 percent equity in Oceanica Petroli, a net 7.5 percent interest in two blocks totalling approximately 110,000 acres in the Tertiary basin offshore Sicily. S.N.P.A. (Aquitaine) has a 50 percent interest in these blocks and is acting as operator. Seismic surveys are planned in 1972.

The Company, as operator, negotiated a concession covering 185,822 acres offshore Tunisia, in the south extension of the Tertiary basin offshore Sicily. The Company's interest

Western Australia

 SUNNINGDALE HOLDINGS
 GAS FIELD
 OIL FIELD



is 33.3 percent. A seismic survey is scheduled over this acreage in June, 1972. The Company is attempting to expand its activities in Tunisia, by acquisition of additional prospective acreage.

Western Australia

The Company extended its exploration operations into Australia by acquiring Exploration Permit 69, covering 1,500,744 acres, from the Government of Western Australia. The Permit includes a thick section of Paleozoic and Mesozoic sediments of an age and lithology anticipated to be similar to the gas productive sedimentary rocks some 70 miles to the south near Donagara, which was recently connected by pipeline to the city of Perth, 250 miles further south. Photogeological studies are underway which will be followed by field geological and geophysical surveys and then by exploratory drilling. The term of the Permit is 5 years. Company interest is 100 percent.

Canada

 SUNNINGDALE WORKING INTERESTS
 SUNNINGDALE ROYALTY INTERESTS



Canada

During the year the Company and its partners surrendered Federal Permit lands in Hudson Bay, Foxe Basin, Hudson Strait and offshore Anticosti Island. An exploratory well drilled in Foxe Basin, to which the Company contributed on a pooled-interest basis, encountered a thin Paleozoic section overlying basement. Seismic surveys over Company acreage in Hudson Bay and in Hudson Strait revealed a relatively featureless sedimentary section over shallow basement.

In Saskatchewan the Company surrendered most of its non-productive acreage in the Steelman area, and also arranged the sale of a marginal oil well at Steelman.

In Alberta the Company increased its holdings to an inclusive total of 287,949 gross acres (139,077 net acres), by participating basically in acquisitions of Petroleum and Natural Gas reservations.

At Lyle Lake, in northeast Alberta,

the Company participated in drilling three shut-in natural gas wells.

In the high Arctic, on northeast Ellef Ringnes Island, the Company purchased a 3 percent gross overriding royalty on Arctic Permit 4687, which covers 24,316 acres. This Permit is held by Dome Petroleum Ltd., Home Oil Ltd., and Aquitaine Canada.

The Company submitted to the Federal Government an application for fifteen Exploratory Permits totaling approximately 600,000 acres within Kane Basin, an offshore area between Ellesmere Island and Greenland. The acreage applied for lies within subsea depths not exceeding 600 feet. Until the boundary between Canada and Greenland is ratified, however, we do not anticipate the award of this acreage.

Production and reserves

The Company's net oil and gas production was relatively insignificant during the year. Effective April 1, 1972, however, the Company pur-

chased from Imperial Oil Limited 6 oil wells producing from the Cardium formation in the Pembina oil field, Alberta. These wells are currently producing in total at the rate of 130 barrels per day, which rate we believe can be stimulated upwards. The Company's oil reserves at April 30 were 1,551,000 barrels of oil and 2,015,000 MCF of gas. Reserves of oil are at Pembina and of gas at Lyle Lake, Alberta.

Royalty interests

At April 30 the Company held overriding royalty interests ranging from 0.6 percent to 2.5 percent in 229,534 acres of non-producing oil and gas rights in Alberta, Canada, and a 3 percent overriding royalty in 24,316 acres on Ellef Ringnes Island in the Northwest Territories, Canada.

Management

Two senior appointments were made to the Sunningdale staff during the year. Mr. Lawrence H. Payne was appointed Manager of Canadian operations of the Company and Dr. Jack A. Rykken was appointed Manager of European and African operations. Mr. Payne and Dr. Rykken bring to the Company extensive background in domestic and foreign oil exploration and production operations.

Mr. Angus A. Mackenzie was elected Chairman of the Board of Directors and Mr. H. Stuart McColl was elected President of the Company at a meeting of the Board of Directors on March 13, 1972.

Seismic survey vessel American Delta, used on the Company's concession in the Republic of Maldives.

Oil well on Company's property in Pembina oil field Alberta.



Auditors' report

To the Shareholders Sunningdale Oils Limited

We have examined the consolidated balance sheet of Sunningdale Oils Limited as at April 30, 1972 and the consolidated statements of earnings and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at April 30, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Riddell, Stead & Co.
June 29, 1972.

Consolidated Balance Sheet as at April 30, 1972

Assets	1972	1971
<i>Current assets</i>		
Cash	\$1,331,990	\$ 619
Accounts receivable	197,940	5,744
Prepaid expenses and deposits	46,631	—
	1,576,561	6,363
<i>Fixed assets, at cost (Note 2)</i>		
Petroleum and natural gas leases, reservations and rights including equipment and development thereon		
Producing—Canada	475,000	—
Accumulated depletion and depreciation	976	—
	474,024	—
Non-producing—Canada	568,057	103,577
—Foreign	2,760,161	9,114
Office furniture (less accumulated depreciation of \$1,061 ; 1971—Nil)	9,552	2,535
	3,811,794	115,226
<i>Share investments, at nominal value</i>		
Oceanica Petroli Italiana S.p.A.—15% interest	1	1
Other	2	2
	3	3
	\$5,388,358	\$ 121,592
Liabilities	1972	1971
<i>Current Liabilities</i>		
Bank indebtedness	\$ —	\$ 53,876
Accounts payable and accrued liabilities	756,255	79,057
Due to affiliated companies	—	49,328
	756,255	182,261
Shareholders' equity		
<i>Capital stock (Note 4)</i>		
Authorized		
5,000,000 common shares without nominal or par value		
Issued		
2,610,000 shares (1971-3)	5,564,818	3
<i>Deficit</i>	932,715	60,672
	4,632,103	(60,669)
	\$5,388,358	\$121,592

Approved on behalf of the Board :
Howard Stuart McColl, Director
James Simpson Palmer, Director

Consolidated statement of earnings and deficit for the year ended April 30, 1972

	1972	1971
<i>Revenue</i>		
Oil and gas sales	\$ 12,416	\$ —
Gain on sale of properties	6,523	248,055
Consulting revenue	—	41,956
Interest	74,798	—
Other	1,758	35,506
	95,495	325,517
<i>Expenses</i>		
Production expense	7,193	—
Exploration expense	456,863	152,848
Depletion and depreciation	976	—
Dry hole costs	28,655	—
Property surrenders	155,512	—
General and administrative	318,339	152,511
	967,538	305,359
<i>Net earnings (loss) for the year</i>	(872,043)	20,158
Deficit at beginning of year	(60,672)	(80,830)
<i>Deficit at end of year</i>	\$ (932,715)	\$ (60,672)

Consolidated statement of source and application of funds for the year ended April 30, 1972

	1972	1971
<i>Source of funds</i>		
Issue of shares (Note 4)	\$5,564,815	\$ —
Proceeds on sale of properties	31,114	250,559
	5,595,929	250,559
<i>Application of funds</i>		
In operations		
Net earnings (loss) for the year	(872,043)	20,158
Items not involving funds	(166,776)	248,055
	705,267	227,897
Fixed asset additions	3,894,458	72,306
Investments	—	3
	4,599,725	300,206
<i>Increase (decrease) in working capital</i>	\$ 996,204	\$ (49,647)

Note 1 Principles of consolidation

Sunningdale Oils Limited was incorporated as a private company on February 28, 1969 and was converted to a public company on May 10, 1971.

The consolidated balance sheet includes the accounts of the Company and its wholly-owned subsidiaries, Sunningdale Oils (U.K.) Limited, Sunningdale Oils Proprietary Limited and Sunningdale Oils Norge A/S from the respective dates of their incorporation in 1971.

Note 2 Accounting policies

(a) The companies follow the accounting policies of charging exploration expenses and carrying charges of properties to income as incurred. Lease and other property acquisition costs are capitalized and are charged to earnings if the property is subsequently abandoned. The costs of drilling productive wells are capitalized and the costs of unproductive wells are charged to earnings when determined to be dry. The costs of producing leases and producing wells are depleted using the unit of production method based on estimated recoverable quantities of oil and gas as determined by Company engineers.

(b) Amounts in foreign currency are converted to Canadian dollars on the following bases:

- (i) Current assets and current liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Fixed assets, at the average rate of exchange for the years in which the assets were acquired; and
- (iii) Revenue and expenses, at the average rate of exchange for the year.

Note 3 Commitments and contingent liabilities

(a) The Company estimates that its share of the costs of performing its work commitments under exploration and production permits and licences, together with the costs of completing its exploration programs as presently planned, is approximately \$1.6 million.

(b) As of April 30, 1972 the Company had deposited its shares of Oceanica Petroli Italiana S.p.A., had made cash deposits of \$45,000 and had arranged guarantees through its bankers totalling approximately \$84,000, all as security for the performance of work commitments in respect to normal exploration activities on Canadian and foreign properties.

Note 4 Capital stock

(a) Changes in Capital Stock

On May 10, 1971, the Company reorganized its share capital by increasing its authorized share capital to 5,000,000 common shares without nominal or par value and by sub-dividing the issued shares. Issues of common shares since that date were as follows:

	Number of Shares	Consideration
Balance, May 10, 1971 after subdivision	309,000	\$ 3
On acquisition of Canadian oil and gas rights	221,000	561,500
On acquisition of Arabian oil and gas rights	1,000,000	2,500,000
On acquisition of European oil and gas rights	80,000	200,000
On sale of shares to the public	1,000,000	2,303,315*
Balance, April 30, 1972	2,610,000	\$5,564,818

* Net of expenses of issue.

(b) Options to Purchase Capital Stock

As at April 30, 1972, options to purchase 132,000 common shares of the Company's capital stock were outstanding as follows:

	Number of Shares	Price per Share	Expiration Date
Director and Senior Officer	50,000	\$2.50	April 30, 1976
Employees	30,000	\$3.25	April 12, 1977
Other	52,000	\$2.60	May 8, 1976

Note 5 Subsequent events

On June 1, 1972, the Company sold 800,000 common shares to the public for \$2,400,000 cash to the Company, and granted an option to the underwriters to purchase 80,000 additional common shares at \$3.25 per share which option was subsequently exercised.

Note 6 Remuneration of directors and senior officers

During the year the Company paid remuneration of \$117,100 to its directors and senior officers.

Note 7 Per share data

The Company is in an early stage of development and, accordingly, management considers it inappropriate to show operating results per share.

Corporate information

Directors

Angus Alexander Mackenzie
Howard Stuart McColl
David Nussbaum
James Simpson Palmer
Michael Paul Pick
Thatcher Lovejoy Townsend, Jr.
Sir Kennedy Trevaskis, K.C.M.G., O.B.E.
Christopher Tugendhat, M.P.

Officers

Angus Alexander Mackenzie, *Chairman of the Board*
Howard Stuart McColl, *President*
James Simpson Palmer, *Secretary-Treasurer*

Auditors

Riddell, Stead & Co., Calgary

Transfer agent and registrar

The Canada Trust Company.

Bankers

The Toronto-Dominion Bank.

